

**TOWNSHIP OF SPURR, MICHIGAN**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

## TABLE OF CONTENTS

Independent Auditors' Report .....	3
Management's Discussion and Analysis (Unaudited) .....	5
Statement of Net Assets .....	9
Statement of Activities .....	10
Governmental Funds – Balance Sheet .....	11
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets .....	12
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance .....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	14
Fiduciary Funds – Statement of Fiduciary Net Assets .....	15
Notes to Financial Statements .....	16

## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund – Budgetary Comparison Schedule .....	24
Road Fund – Budgetary Comparison Schedule .....	25
Fire Fund – Budgetary Comparison Schedule .....	26
Cemetery Fund – Budgetary Comparison Schedule .....	27
Sanitation Fund – Budgetary Comparison Schedule .....	28

## OTHER SUPPLEMENTAL INFORMATION

Major Governmental Funds – General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	30
Major Governmental Funds – Road Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	34
Major Governmental Funds – Fire Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	35
Major Governmental Funds – Cemetery Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	36
Major Governmental Funds – Sanitation Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	37
Non-Major Governmental Funds – Liquor Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	38
Non-Major Governmental Funds – Capital Projects – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	39
Fiduciary Funds – Combining Statement of Net Assets .....	40

## COMPLIANCE SUPPLEMENTS

Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	42
Report to Management Letter .....	43



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
The Township Board of Trustees  
Township of Spurr, Michigan  
23181 Spurr Court  
Michigamme, Michigan 49861

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Spurr, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Spurr, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Spurr, Michigan, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2008, on our consideration of the Township of Spurr, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Spurr, Michigan

The management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 24 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Spurr, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

November 10, 2008

## Township of Spurr, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Spurr, Michigan's financial performance provides an overview of the Township's financial activities for the year ended June 30, 2008. Please read it in conjunction with the financial statements, which begin on page 9.

#### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$37,916 as a result of this year's operations.
- Net assets of our governmental activities increased by \$37,916, or 10 percent.
- During the year, the Township had expenses for governmental activities of \$163,006 which is \$37,916 less than the \$200,922 generated in program revenue sources.
- The General Fund reported a net fund balance of \$121,322, which is an increase of \$2,479 as a result of this year's operation.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, the Township has one kind of activity:

- Governmental Activities – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 11 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

### The Township as a Whole

Table I provides a summary of the Township's net assets as of June 30, 2008 and June 30, 2006.

Table 1 – Net Assets

	Governmental Activities – 2008	Governmental Activities - 2006
Capital assets, net	\$407,015	\$346,637
	13,937	13,937
Total Assets	\$420,952	\$360,574
Current liabilities	\$4,809	\$4,374
Total Liabilities	4,809	4,374
Net Assets:		
Invested in capital assets, net of related debt	13,937	13,937
Unrestricted (deficit)	402,206	342,263
Total Net Assets	\$416,143	\$356,200

Net assets of the Township's governmental activities stood at \$416,143. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$402,206.

The \$402,206 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2008 and 2006.

Table 2  
Change in Net Assets

	Governmental Activities-2008	Governmental Activities-2006
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$2,188	\$3,427
Operating Grants and Contributions	2,193	4,924
General Revenues:		
Property taxes	160,110	154,062
State Sources	16,499	17,005
Interest and Miscellaneous	19,932	17,439
Total Revenues	<u>200,922</u>	<u>196,857</u>
<b>Program Expenses:</b>		
Legislative	1,709	1,472
General Services and administration	57,540	48,409
Public Safety	36,925	24,067
Public Works	64,376	70,522
Community and Economic Development	130	80
Recreation and Culture	150	966
Other	2,176	-
Capital Outlay	-	5,625
Total Expenses	<u>163,006</u>	<u>151,141</u>
Increase (decrease) in net assets	<u>37,916</u>	<u>45,716</u>
Net assets, beginning,	<u>378,227</u>	<u>310,484</u>
Net Assets, Ending	<u>\$416,143</u>	<u>\$356,200</u>

The Township's total revenues were \$200,922. The total cost of all programs and services was \$163,006, leaving an increase in net assets of \$37,916. Our analysis below separately considers the operations of governmental and business-type activities:

### **Governmental Activities**

The Governmental Activities experienced an increase in net assets for the year of \$37,916. Key reason reasons for the change in net assets are as follows:

- Net Increase in governmental fund balances of \$37,916.

### **THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$402,206, an increase of \$37,916 from the beginning of the year.

#### General Fund

In our General Fund, there was a gain of \$2,479 relating to budget expenditures close with revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### Fire Fund

In our Fire Fund, there was a gain of \$12,707 due to saving for future projects.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board revised the budget several times for immaterial amounts.

Budget amendments were done during the year. There were no significant budget variances during the fiscal year. Revenues were \$18,974 more than the budgeted \$58,695 and expenditures were \$4,098 less than the budgeted \$65,351.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2008 and 2006, the Township had \$13,937 and \$13,937 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment. (See table 3 below).

Table 3 Capital Assets at Year-End		
	Governmental Activities – 2008	Governmental Activities – 2006
Land	\$13,937	\$13,937
Buildings and improvements	-	-
Equipment and furnishings	-	-
	<u>\$13,937</u>	<u>\$13,937</u>

There were no additions or deletions to Capital Assets during the current year and depreciation expense of \$0 were record during the year.

### **Debt**

At the end of fiscal year 2008 and 2006, the Township had no bonds and notes outstanding.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township's budget for the year ending June 30, 2009, the Township considered the following issues:

We reviewed the fiscal year 2007 and 2008 budget vs. actual and budgeted roughly the same amounts, except for some minor variances.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Spurr, 23181 Spurr Court, Michigamme, MI 49861.



**Township of Spurr, Michigan**

**STATEMENT OF NET ASSETS**

June 30, 2008

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 398,805
Receivables (net)	8,210
<b>TOTAL CURRENT ASSETS</b>	<u>407,015</u>
Non-current assets:	
Capital Assets	
Land and construction in progress	13,937
Other capital assets	50,928
Accumulated depreciation	(50,928)
Total Capital Assets	<u>13,937</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>13,937</u>
<b>TOTAL ASSETS</b>	<u>420,952</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	4,809
Accrued liabilities	-
Current portion of bonds payable	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,809</u>
Non-current Liabilities:	
Bonds payable	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>4,809</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	13,937
Unrestricted	402,206
<b>TOTAL NET ASSETS</b>	<u><u>\$ 416,143</u></u>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2008

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Legislative	\$ 1,709	-	-	-	\$ (1,709)
General services and administration	57,540	2,188	-	-	(55,352)
Public safety	36,925	-	524	-	(36,401)
Public works	64,376	-	1,669	-	(62,707)
Health and welfare	-	-	-	-	-
Community and economic development	130	-	-	-	(130)
Recreation and culture	150	-	-	-	(150)
Other	2,176	-	-	-	(2,176)
Capital outlay	-	-	-	-	-
Total Governmental Activities	163,006	2,188	2,193	-	(158,625)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 163,006</b>	<b>\$ 2,188</b>	<b>\$ 2,193</b>	<b>\$ -</b>	<b>(158,625)</b>
General Revenues:					
Taxes					160,110
Unrestricted State sources					16,499
Interest and investment earnings					19,681
Miscellaneous					251
<b>TOTAL GENERAL REVENUES</b>					<b>196,541</b>
<b>CHANGE IN NET ASSETS</b>					<b>37,916</b>
Net assets, beginning of year					<u>378,227</u>
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 416,143</b>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2008

	<b>General Fund</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Cemetery Fund</b>	<b>Sanitation Fund</b>	<b>Capital Projects</b>	<b>Non-Major Liquor Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 113,624	\$ 15,505	\$ 118,220	\$ 5,480	\$ 63,331	\$ 82,549	\$ 96	\$ 398,805
Receivables	-	-	-	-	-	-	-	-
Due from state	5,180	-	-	-	-	-	-	5,180
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	3,030	-	-	-	-	-	-	3,030
<b>TOTAL ASSETS</b>	<b>\$ 121,834</b>	<b>\$ 15,505</b>	<b>\$ 118,220</b>	<b>\$ 5,480</b>	<b>\$ 63,331</b>	<b>\$ 82,549</b>	<b>\$ 96</b>	<b>\$ 407,015</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES:</b>								
Accounts payable	\$ 512	\$ -	\$ 397	\$ 526	\$ 3,374	\$ -	\$ -	\$ 4,809
Accrued payroll and related	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>512</b>	<b>-</b>	<b>397</b>	<b>526</b>	<b>3,374</b>	<b>-</b>	<b>-</b>	<b>4,809</b>
<b>FUND BALANCE:</b>								
Unreserved, reported in:								
Undesignated	121,322	15,505	117,823	4,954	59,957	82,549	96	402,206
<b>TOTAL FUND BALANCE</b>	<b>121,322</b>	<b>15,505</b>	<b>117,823</b>	<b>4,954</b>	<b>59,957</b>	<b>82,549</b>	<b>96</b>	<b>402,206</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 121,834</b>	<b>\$ 15,505</b>	<b>\$ 118,220</b>	<b>\$ 5,480</b>	<b>\$ 63,331</b>	<b>\$ 82,549</b>	<b>\$ 96</b>	<b>\$ 407,015</b>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

June 30, 2008

<b>Total Fund Balances for Governmental Funds</b>		<b>\$</b>	<b>402,206</b>
---	--	-----------	----------------

*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

Land and construction in progress	13,937	
Other capital assets	50,928	
Accumulated depreciation	<u>(50,928)</u>	13,937

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	-	
Bonds payable	<u>-</u>	-

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>416,143</b>
--	-----------	----------------

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2008

	General Fund	Road Fund	Fire Fund	Cemetery Fund	Sanitation Fund	Capital Projects Fund	Non-Major Liquor Fund	Total Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 32,034	\$ 33,440	\$ 43,394	\$ 4,257	\$ 46,985	\$ -	\$ -	\$ 160,110
Licenses and permits	-	-	-	-	-	-	-	-
State sources	18,168	-	-	-	-	-	524	18,692
Charges for services	2,188	-	-	-	-	-	-	2,188
Interest	14,594	195	3,658	81	198	955	-	19,681
Other	251	-	-	-	-	-	-	251
<b>TOTAL REVENUES</b>	<b>67,235</b>	<b>33,635</b>	<b>47,052</b>	<b>4,338</b>	<b>47,183</b>	<b>955</b>	<b>524</b>	<b>200,922</b>
<b>EXPENDITURES:</b>								
Legislative	1,709	-	-	-	-	-	-	1,709
General services and administration	54,174	-	-	3,366	-	-	-	57,540
Public safety	1,587	-	34,345	-	-	-	993	36,925
Public works	4,830	25,129	-	-	34,417	-	-	64,376
Health and welfare	-	-	-	-	-	-	-	-
Community and economic development	130	-	-	-	-	-	-	130
Recreation and culture	150	-	-	-	-	-	-	150
Other	2,176	-	-	-	-	-	-	2,176
Capital outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>64,756</b>	<b>25,129</b>	<b>34,345</b>	<b>3,366</b>	<b>34,417</b>	<b>-</b>	<b>993</b>	<b>163,006</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,479</b>	<b>8,506</b>	<b>12,707</b>	<b>972</b>	<b>12,766</b>	<b>955</b>	<b>(469)</b>	<b>37,916</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>2,479</b>	<b>8,506</b>	<b>12,707</b>	<b>972</b>	<b>12,766</b>	<b>955</b>	<b>(469)</b>	<b>37,916</b>
Fund balance, beginning of year	118,843	6,999	105,116	3,982	47,191	81,594	565	364,290
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 121,322</b>	<b>\$ 15,505</b>	<b>\$ 117,823</b>	<b>\$ 4,954</b>	<b>\$ 59,957</b>	<b>\$ 82,549</b>	<b>\$ 96</b>	<b>\$ 402,206</b>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2008

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>37,916</b>
---	-----------	---------------

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	-	
Depreciation expense	-	
		-

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

-  

---

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>37,916</b>
--	-----------	---------------

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2008

	<u><b>Agency Funds</b></u>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$        15,714</u>
<b>TOTAL ASSETS</b>	<u><u>\$        15,714</u></u>
<b>LIABILITIES:</b>	
Due to others	<u>\$        15,714</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$        15,714</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SPURR, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

**(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

**(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of Interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds:***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

**General Fund** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road Fund** is used to account for the maintenance and construction of local road system.
- The **Fire Fund** is used to account for the operation of the fire department.
- The **Cemetery Fund** is used to account for the operation of the township cemetery.
- The **Sanitation Fund** is used to account for the operation of the refuse collection.
- The **Capital Projects Fund** is used to account for the capital outlay of the Township.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

### ***Accrual***

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

## **(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to June 30 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2. The following considerations must be reviewed in determination of transfer approvals.

- a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
- b. Will the transfer maintain the financial integrity of the Township?
- c. Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

**Cash Equivalents and Investments** – for the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Land improvements	15 years
Building, structures and improvements	10-40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1<sup>st</sup> of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**NOTE B – DEPOSITS AND INVESTMENTS:**Cash Equivalents

As of June 30, 2008, the Township's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$398,805	\$15,714	\$414,519
Investments	-	-	-
	<u>\$398,805</u>	<u>\$15,714</u>	<u>\$414,519</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$414,519 and the bank balance was \$406,393 bank balance is categorized as follows:

Amount insured by the FDIC	\$200,000
Amount uncollateralized and uninsured	206,393
	<u>\$406,393</u>

## NOTE B – DEPOSITS AND INVESTMENTS (Continued):

### Investments

As of June 30, 2008, the Township did not have any investments.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### *Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

### *Concentration of Credit Risk*

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at July 1, 2007	Additions	Disposals	Balance at June 30, 2008
GOVERNMENTAL ACTIVITIES:				
Land	\$13,937	\$ -	\$ -	\$13,937
Total Capital Assets, not being depreciated	13,937	-	-	13,937
Buildings and improvements	50,928	-	-	50,928
Furniture and equipment	-	-	-	-
Total Capital Assets, being depreciated	50,928	-	-	50,928
Less Accumulated Depreciation:				
Building and improvements	(50,928)	-	-	(50,928)
Furniture and equipment	-	-	-	-
Total Accumulated Depreciation	(50,928)	-	-	(50,928)
Governmental Activities Capital Assets, Net	\$13,937	\$ -	\$ -	\$13,937

**NOTE C – CAPITAL ASSETS (Continued):**

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Unallocated Depreciation	\$-
Total	<u>\$-</u>

**NOTE D – PROPERTY TAXES:**

The Township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31<sup>st</sup>.

Although the Township 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2007 taxable valuation of the Township totaled \$19,233,857 on which ad valorem taxes levied consisted of .9929 mills for the Township's operation purposes, 1.75 mills for the operation of the fire department, 2.0000 mills for refuse collection, 1.4000 mills for road improvements, and 0.2000 mills for cemetery operations. These amounts are recognized in the General Fund, Fire Fund, Sanitation Fund, Road Fund, and Cemetery Fund financial statements as revenue.

**NOTE E – CONTINGENT LIABILITIES:**

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

**Township of Spurr, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 40,025	\$ 27,000	\$ 32,034	\$ 5,034
License and permits	-	-	-	-
State sources	13,000	12,000	18,168	6,168
Charges for services	2,010	1,000	2,188	1,188
Interest and rentals	8,100	8,000	14,594	6,594
Other revenues	70	50	251	201
<b>TOTAL REVENUES</b>	<b>63,205</b>	<b>48,050</b>	<b>67,235</b>	<b>19,185</b>
<b>EXPENDITURES:</b>				
Legislative	2,300	2,300	1,709	591
General services and administration	66,602	72,095	54,174	17,921
Public safety	2,500	2,500	1,587	913
Public works	9,000	9,000	4,830	4,170
Health and welfare	-	-	-	-
Community and economic development	80	130	130	-
Recreation and culture	800	800	150	650
Other	5,346	4,346	2,176	2,170
Capital outlay	3,000	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>89,628</b>	<b>91,171</b>	<b>64,756</b>	<b>26,415</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(26,423)</b>	<b>(43,121)</b>	<b>2,479</b>	<b>45,600</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(26,423)</b>	<b>(43,121)</b>	<b>2,479</b>	<b>45,600</b>
Fund balance, beginning of year	118,843	118,843	118,843	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 92,420</b>	<b>\$ 75,722</b>	<b>\$ 121,322</b>	<b>\$ 45,600</b>



**Township of Spurr, Michigan**

ROAD FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 26,620	\$ 26,600	\$ 33,440	\$ 6,840
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	180	180	195	15
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>26,800</b>	<b>26,780</b>	<b>33,635</b>	<b>6,855</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	26,500	25,500	25,129	371
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>26,500</b>	<b>25,500</b>	<b>25,129</b>	<b>371</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>300</b>	<b>1,280</b>	<b>8,506</b>	<b>7,226</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>300</b>	<b>1,280</b>	<b>8,506</b>	<b>7,226</b>
Fund balance, beginning of year	6,999	6,999	6,999	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 7,299</b>	<b>\$ 8,279</b>	<b>\$ 15,505</b>	<b>\$ 7,226</b>

**Township of Spurr, Michigan**

**FIRE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 34,820	\$ 34,800	\$ 43,394	\$ 8,594
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	800	800	3,658	2,858
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>35,620</b>	<b>35,600</b>	<b>47,052</b>	<b>11,452</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	48,640	53,140	34,345	18,795
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>48,640</b>	<b>53,140</b>	<b>34,345</b>	<b>18,795</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(13,020)</b>	<b>(17,540)</b>	<b>12,707</b>	<b>30,247</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(13,020)</b>	<b>(17,540)</b>	<b>12,707</b>	<b>30,247</b>
Fund balance, beginning of year	105,116	105,116	105,116	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 92,096</b>	<b>\$ 87,576</b>	<b>\$ 117,823</b>	<b>\$ 30,247</b>

**Township of Spurr, Michigan**

CEMETERY FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 3,200	\$ 3,400	\$ 4,257	\$ 857
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	70	70	81	11
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,270</b>	<b>3,470</b>	<b>4,338</b>	<b>868</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	3,520	3,526	3,366	160
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,520</b>	<b>3,526</b>	<b>3,366</b>	<b>160</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(250)</b>	<b>(56)</b>	<b>972</b>	<b>1,028</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(250)</b>	<b>(56)</b>	<b>972</b>	<b>1,028</b>
Fund balance, beginning of year	3,982	3,982	3,982	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,732</b>	<b>\$ 3,926</b>	<b>\$ 4,954</b>	<b>\$ 1,028</b>

**Township of Spurr, Michigan**

SANITATION FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 32,550	\$ 32,500	\$ 46,985	\$ 14,485
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	500	500	198	(302)
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>33,050</b>	<b>33,000</b>	<b>47,183</b>	<b>14,183</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	43,600	45,100	34,417	10,683
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>43,600</b>	<b>45,100</b>	<b>34,417</b>	<b>10,683</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,550)</b>	<b>(12,100)</b>	<b>12,766</b>	<b>24,866</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(10,550)</b>	<b>(12,100)</b>	<b>12,766</b>	<b>24,866</b>
Fund balance, beginning of year	47,191	47,191	47,191	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 36,641</b>	<b>\$ 35,091</b>	<b>\$ 59,957</b>	<b>\$ 24,866</b>

## OTHER SUPPLEMENTAL INFORMATION

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 16,000	\$ 17,704	\$ 1,704
Delinquent taxes	900	1,884	984
Commercial forest	1,200	2,492	1,292
Swamp tax	-	-	-
Penalties and interest	300	151	(149)
Collection fees	8,600	9,803	1,203
Total Taxes	27,000	32,034	5,034
State Sources:			
Revenue sharing	12,000	16,499	4,499
Metro authority	-	1,669	1,669
Total State Sources	12,000	18,168	6,168
Charges for Services:			
Fees	-	-	-
Permits	1,000	2,188	1,188
Total Charges for Services	1,000	2,188	1,188
Interest and Rent:			
Interest and dividends	2,000	8,594	6,594
Rental income	6,000	6,000	-
Total Interest	8,000	14,594	6,594
Other Revenues:			
Miscellaneous other	50	251	201
Total Other Revenues	50	251	201
<b>TOTAL REVENUES</b>	<b>48,050</b>	<b>67,235</b>	<b>19,185</b>
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Township Board:			
Personal services	2,300	1,709	591
<b>TOTAL LEGISLATIVE</b>	<b>2,300</b>	<b>1,709</b>	<b>591</b>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

		Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>GENERAL SERVICES AND ADMINISTRATION:</b>				
Supervisor:				
Personal services		\$ 6,300	\$ 6,116	\$ 184
	Total Supervisor	<u>6,300</u>	<u>6,116</u>	<u>184</u>
Assessor:				
Personal services		5,900	5,773	127
	Total Assessor	<u>5,900</u>	<u>5,773</u>	<u>127</u>
Clerk:				
Personal services		8,145	8,139	6
	Total Clerk	<u>8,145</u>	<u>8,139</u>	<u>6</u>
Elections:				
Personal services		870	540	330
	Total Elections	<u>870</u>	<u>540</u>	<u>330</u>
Board of Review:				
Personal services		780	380	400
	Total Board of Review	<u>780</u>	<u>380</u>	<u>400</u>
Treasurer:				
Personal services		7,350	7,325	25
	Total Treasurer	<u>7,350</u>	<u>7,325</u>	<u>25</u>
Township Hall and Grounds:				
Personal services		100	-	100
Supplies		9,200	-	9,200
Other services and charges		30,450	25,901	4,549
Capital outlay		3,000	-	3,000
	Total Township Hall and Grounds	<u>42,750</u>	<u>25,901</u>	<u>16,849</u>
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>		<u>72,095</u>	<u>54,174</u>	<u>17,921</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>PUBLIC SAFETY:</b>			
Building Inspection:			
Personal services	\$ 2,500	\$ 1,587	\$ 913
Total Building Inspection	<u>2,500</u>	<u>1,587</u>	<u>913</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>2,500</u>	<u>1,587</u>	<u>913</u>
<b>PUBLIC WORKS:</b>			
Streetlights:			
Other services and charges	9,000	4,830	4,170
Total Streetlights	<u>9,000</u>	<u>4,830</u>	<u>4,170</u>
<b>TOTAL PUBLIC WORKS</b>	<u>9,000</u>	<u>4,830</u>	<u>4,170</u>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT:</b>			
Planning Commission:			
Personal services	130	130	-
Total Planning Commission	<u>130</u>	<u>130</u>	<u>-</u>
<b>TOTAL COMMUNITY AND ECONOMIC         DEVELOPMENT</b>	<u>130</u>	<u>130</u>	<u>-</u>
<b>RECREATION AND CULTURE:</b>			
Recreation and Grants:			
Other services and charges	800	150	650
Total Recreation and Grants	<u>800</u>	<u>150</u>	<u>650</u>
<b>TOTAL RECREATION AND CULTURE</b>	<u>800</u>	<u>150</u>	<u>650</u>



**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OTHER:</b>			
Fringe Benefits:			
Personal services	\$ 4,346	\$ 2,176	\$ 2,170
Total Fringe Benefits	4,346	2,176	2,170
<b>TOTAL OTHER</b>	4,346	2,176	2,170
<b>TOTAL EXPENDITURES</b>	91,171	64,756	26,415
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(43,121)	2,479	45,600
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	(43,121)	2,479	45,600
Fund balance, beginning of year	118,843	118,843	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 75,722	\$ 121,322	\$ 45,600

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**ROAD FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 23,000	\$ 24,965	\$ 1,965
Delinquent taxes	1,300	2,768	1,468
Commercial forest	2,300	5,707	3,407
Total Taxes	26,600	33,440	6,840
Other Revenues:			
Interest	180	195	15
Total Other Revenues	180	195	15
<b>TOTAL REVENUES</b>	26,780	33,635	6,855
<b>EXPENDITURES:</b>			
Public Works:			
Highway:			
Other services and charges	25,500	25,129	371
Total Public Works	25,500	25,129	371
<b>TOTAL EXPENDITURES</b>	25,500	25,129	371
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,280	8,506	7,226
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	1,280	8,506	7,226
Fund balance, beginning of year	6,999	6,999	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 8,279	\$ 15,505	\$ 7,226

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 30,000	\$ 31,207	\$ 1,207
Delinquent taxes	1,800	3,755	1,955
Commercial forest	3,000	8,432	5,432
Total Taxes	34,800	43,394	8,594
Other Revenues:			
Interest	800	3,658	2,858
Total Other Revenues	800	3,658	2,858
<b>TOTAL REVENUES</b>	35,600	47,052	11,452
<b>EXPENDITURES:</b>			
Public Safety:			
Fire Department			
Personal services	240	130	110
Other services and charges	49,900	34,215	15,685
Capital outlay	3,000	-	3,000
Total Public Safety	53,140	34,345	18,795
<b>TOTAL EXPENDITURES</b>	53,140	34,345	18,795
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(17,540)	12,707	30,247
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	(17,540)	12,707	30,247
Fund balance, beginning of year	105,116	105,116	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 87,576</u>	<u>\$ 117,823</u>	<u>\$ 30,247</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**CEMETERY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 3,000	\$ 3,563	\$ 563
Delinquent taxes	200	415	
Commercial forest	200	279	79
Total Taxes	<u>3,400</u>	<u>4,257</u>	<u>642</u>
Other Revenues:			
Interest	70	81	11
Total Other Revenues	<u>70</u>	<u>81</u>	<u>11</u>
<b>TOTAL REVENUES</b>	<u>3,470</u>	<u>4,338</u>	<u>653</u>
<b>EXPENDITURES:</b>			
General Government:			
Cemetery:			
Other services and charges	3,526	3,366	160
Total General Government	<u>3,526</u>	<u>3,366</u>	<u>160</u>
<b>TOTAL EXPENDITURES</b>	<u>3,526</u>	<u>3,366</u>	<u>160</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(56)</u>	<u>972</u>	<u>813</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(56)</u>	<u>972</u>	<u>813</u>
Fund balance, beginning of year	<u>3,982</u>	<u>3,982</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,926</u>	<u>\$ 4,954</u>	<u>\$ 813</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**SANITATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 29,000	\$ 35,666	\$ 6,666
Delinquent taxes	1,500	4,015	2,515
Commercial forest	2,000	7,304	5,304
Total Taxes	<u>32,500</u>	<u>46,985</u>	<u>14,485</u>
Other Revenues:			
Interest	500	198	(302)
Total Other Revenues	<u>500</u>	<u>198</u>	<u>(302)</u>
<b>TOTAL REVENUES</b>	<u>33,000</u>	<u>47,183</u>	<u>14,183</u>
<b>EXPENDITURES:</b>			
Public Works:			
Sanitation:			
Other services and charges	45,100	34,417	10,683
Total Public Works	<u>45,100</u>	<u>34,417</u>	<u>10,683</u>
<b>TOTAL EXPENDITURES</b>	<u>45,100</u>	<u>34,417</u>	<u>10,683</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,100)</u>	<u>12,766</u>	<u>24,866</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(12,100)</u>	<u>12,766</u>	<u>24,866</u>
Fund balance, beginning of year	<u>47,191</u>	<u>47,191</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 35,091</u>	<u>\$ 59,957</u>	<u>\$ 24,866</u>

**Township of Spurr, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS

LIQUOR FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
State Sources:			
Liquor Revenue	\$ 524	\$ 524	\$ -
Total Liquor Revenue	524	524	-
Other Revenue:			
Interest	-	-	-
Total Other Revenue	-	-	-
<b>TOTAL REVENUES</b>	<b>524</b>	<b>524</b>	<b>-</b>
<b>EXPENDITURES:</b>			
Public Safety:			
Liquor Inspection:			
Personal services	993	943	50
Other services and charges	-	50	(50)
Total Public Safety	993	993	-
<b>TOTAL EXPENDITURES</b>	<b>993</b>	<b>993</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(469)</b>	<b>(469)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(469)</b>	<b>(469)</b>	<b>-</b>
Fund balance, beginning of year	565	565	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 96</b>	<b>\$ 96</b>	<b>\$ -</b>

**Township of Spurr, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Other Revenue:			
Interest	800	955	155
Total Other Revenue	800	955	155
<b>TOTAL REVENUES</b>	800	955	155
<b>EXPENDITURES:</b>			
Capital Outlay:			
Capital Projects:			
Other services and charges	100	-	100
Total Capital Outlay	100	-	100
<b>TOTAL EXPENDITURES</b>	100	-	100
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	700	955	255
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	700	955	255
Fund balance, beginning of year	81,594	81,594	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 82,294	\$ 82,549	\$ 255

**Township of Spurr, Michigan**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

June 30, 2008

	Tax Collection Fund	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,714	\$ 15,714
<b>TOTAL ASSETS</b>	<u>\$ 15,714</u>	<u>\$ 15,714</u>
<b>LIABILITIES</b>		
Due to other government units	\$ 15,714	\$ 15,714
<b>TOTAL LIABILITIES</b>	<u>\$ 15,714</u>	<u>\$ 15,714</u>



## Compliance Supplements



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Supervisor  
and Township Board of Trustees  
Township of Spurr, Michigan  
23181 Spurr Court  
Michigamme, Michigan 49861

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Spurr, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township of Spurr, Michigan's basic financial statements and have issued our report thereon dated November 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Spurr, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Spurr, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Spurr, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Spurr, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Spurr, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Spurr, Michigan's internal control. We consider the deficiencies listed as 08-01, 08-02, and 08-03, described in a separate letter to management, dated November 10, 2008, to be significant deficiencies in internal control over financial reporting.

To the Honorable Supervisor  
and Township Board of Trustees  
Township of Spurr, Michigan

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Spurr, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Spurr, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township of Spurr, Michigan's response to the findings identified in our audit is described in the separate letter to management. We did not audit The Township of Spurr, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman, & Company, P.L.C.*  
Certified Public Accountants



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

***Township of Spurr, Michigan***  
***Report to Management Letter***  
***For the Year Ended June 30, 2008***

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Spurr, Michigan

In planning and performing our audit of the financial statements of the Township of Spurr, Michigan as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Spurr, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

**08-01 – CASH RECONCILIATIONS**

**Condition/Criteria:** Although the Township of Spurr, Michigan cash is being reconciled to a subsidiary spreadsheet for monitoring, it is not being reconciled to the general ledger on a monthly basis and not being approved by a separate party. The basis of strength in any system of sound internal control is a strong reconciliation function.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Spurr, Michigan

**Effect:** Because the cash accounts are not being reconciled in the general ledger system, there is activity missing from the general ledger during the year and creates a lack of internal controls.

**Cause of Condition:** Failure to properly reconcile the general ledger to the bank accounts and treasurers manual bank reconciliations.

**Recommendation:** We suggest, and good internal control dictates, the general ledger accounts to be reconciled on a monthly basis with the appropriate accounting entries being made to the system even if supplemental activity is being performed. This will insure accurate financial reporting on an interim basis for decision making by the Board of Trustees and management.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Linda Legacy, Clerk
- Corrective Action Planned:
  - The Township is planning on incorporating improved cash reconciliation procedures in the coming fiscal year.
- Anticipated Completion Date:
  - June 30, 2009

**08-02 – Financial Reporting Cycle**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with the generally accepted accounting principles of reporting.

**Effect:** The lack of a full set of financial statements, including a balance sheet and statement of revenues and expenditures, results in the Board of Trustees' inability to determine the funds' financial positions.

**Cause of Condition:** Failure to include a full set of financial statements in the financial reporting package as presented to the Board of Trustees.

**Recommendation:** The Township should expand the financial reporting package as presented to the Board of Trustees to include the balances sheets and statements of revenue and expenditures to conform to current reporting standards. We also suggest any significant monthly and year end cut-off adjusting entries be incorporated into the financial statements in order to present a clearer picture of the various funds of the Township. The Board of Trustees should document review of the financial affairs in the minutes of the meeting as well as other financial events.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Spurr, Michigan

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Linda Legacy, Clerk
- Corrective Action Planned:
  - The full set of financial statements will be included as part of the financial reporting package as presented to the Board of Trustees and the Board of Trustees will document this review of the financial affairs in the minutes of the meeting as well as other financial events.
- Anticipated Completion Date:
  - June 30, 2009

**08-03 – ASSIST IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES.**

**Condition/Criteria:** Statement on Auditing Standards #112 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

**Effect:** We assisted management with the external financial reporting responsibility to ensure their financial statements are in accordance with GAAP.

**Cause of Condition:** The staff of the district does not have adequate time to prepare all the information included in the annual financial statements. Therefore, we assisted in the preparing the financial statements and related footnotes.

**Recommendation:** We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Linda Legacy, Clerk
- Corrective Action Planned:
  - We are aware of this deficiency and believe it is not cost beneficial in our situation to allocate the time needed to prepare the audit report in the current fiscal year.
- Anticipated Completion Date:
  - June 30, 2009

This communication is intended solely for the information and use of management, Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman, & Company, P.L.C.*  
Certified Public Accountants

November 10, 2008